



## IDFC CORE EQUITY FUND

Large & Mid Cap Fund - An open ended equity scheme investing in both large cap and mid cap stocks

IDFC Core Equity Fund is a diversified equity fund with a large & mid cap bias currently. The focus of the fund is to build a portfolio of Quality companies while being cognizant of the relative valuation.

### FUND PHILOSOPHY

The fund builds a portfolio of quality stocks with lower relative valuations. Quality (for non-financial stocks) is ascribed on three fronts - conversion of EBIDTA to operating cash - OCF as % of EBIDTA > 33%; Moderate leverage: Debt/EBIDTA < 3x; Profitability: EBIDTA / Net operating Assets > 30%. Companies that qualify on these three parameters and those which are relatively cheaper within a peer group on P/B basis form part of the 'quality' universe. Roughly 50% of the portfolio will comprise of such quality companies; ~30% would be for financial sector and balance 20% would be invested in benchmark heavyweights and themes, which we expect to play out over next 6/12 months. On a tactical basis, the fund may take a part of its overall holding through near month stock futures.

### OUTLOOK

#### How it went:

Global equities declined by 4.3% MoM, positive returns from China, Spain, Malaysia and Japan were not sufficient to cushion downturn. Emerging markets lost 1.6% MoM while India underperformed with a decline of 5.4% MoM after touching all-time high, due to stretched valuations, covid fears returning, persisting Central Banks' hawkish stance, and FII outflows. However, India has outperformed on 6 month, 1 year and 3 year basis by a decent margin. Indian markets closed the year in red in USD terms, however in local currency Indian markets were slightly in green. The Indian stock market delivered 4.3% returns in CY 2022 in INR terms however falling 5.1% in USD terms. PSUs, Financials, Utilities and Industrials outperformed the market, while IT Services, healthcare and consumer durables underperformed the market. Large caps (BSE 100) did better than the mid-caps (BSE 150 Mid Cap) while small-caps (BSE 250 Small Cap) ended the CY2022 with a negative 2% return.

#### Outlook for 2023:

Going ahead, at the global front - trajectory of rate hike by US Fed and the cumulative impact of the rate hikes since 2022 on the economic growth could be the biggest global factor which investors will track and try to predict/forecast. On the geo-political front, the continuing Ukraine/Russia war may impact commodity prices only if it escalates to a higher level. Any resolution, though, could be a sentiment booster. A bigger impact on commodities could be driven by the state of the Chinese economy, which amidst a slowdown faces the additional challenge of a sharp spurt in Covid -19 related cases. The embattled European economy could slide into a deeper recession if the weight of "oversized" fuel costs does not drop sharply in the coming months. Gas prices today are trading at an equivalent of 2-2.25x current crude oil prices (diesel to generate power would be cheaper than using LNG to generate power in Europe today). Three of our neighboring countries (Bangladesh; Nepal and Sri Lanka) are in different stages of negotiations with World Bank for an economic package to alleviate the post pandemic downturn. Our focus should be on earnings delivery. Surprising to many, yet correct, would be the importance of delivery of earnings growth since Dec '19. While liquidity has been the other pillar on which the market returns have been built upon, earnings growth has been the dominant factor for this uptrend. With valuations at an elevated level - delivery of earnings will be the key driver for the markets ahead.

While global factors are important, delivery of earnings, to us remains paramount. Ceteris paribus, all things remaining the same, market returns would be positive, if earnings get delivered!

The above mentioned is the current strategy of the Fund Manager. However, asset allocation and investment strategy shall be within broad parameters of Scheme Information Document.

^The benchmark of the fund has been revised from S&P BSE 200 TRI to Nifty LargeMidcap 250 TRI w.e.f. 7th October 2019

Face Value per Unit (in ₹) is 10

Income Distribution cum capital withdrawal is not guaranteed and past performance may or may not be sustained in future. Pursuant to payment of Income Distribution cum capital withdrawal, the NAV of the scheme would fall to the extent of payout and statutory levy (as applicable).

#### FUND FEATURES:

(Data as on 31st December'22)

**Category:** Large & Mid Cap

**Monthly Avg AUM:** ₹ 2,500.16 Crores

**Inception Date:** 9th August 2005

**Fund Manager:** Mr. Anoop Bhaskar (w.e.f. 30/04/2016)

**Benchmark:** NIFTY LargeMidcap 250 TRI (w.e.f. 7th October 2019)

**Minimum Investment Amount:** ₹5,000/- and any amount thereafter.

#### Exit Load:

● If redeemed/switched out within 365 days from the date of allotment:

- ▶ Upto 10% of investment: Nil,
- ▶ For remaining investment: 1% of applicable NAV.

● If redeemed / switched out after 365 days from date of allotment: Nil. (w.e.f. May 08, 2020)

**Sip Dates : (Monthly/Quarterly\*)** Investor may choose any day of the month except 29th, 30th & 31st of instalment. \*Any day of next month from the Quarter end.

**Options Available:** Growth, IDCW@ - (Payout, Reinvestment and Sweep (from Equity Schemes to Debt Schemes only))

#### Other Parameters:

**Beta:** 0.98

**R Squared:** 0.97

**Standard Deviation (Annualized):** 23.62%

PLAN	IDCW@ RECORD DATE	₹/UNIT	NAV
REGULAR	22-Jul-21	0.95	19.1100
	16-Mar-20	1.03	12.0100
	14-Mar-19	0.80	15.4200
DIRECT	22-Jul-21	1.19	23.9400
	16-Mar-20	0.39	13.7900
	14-Mar-19	0.90	17.4700

@Income Distribution cum capital withdrawal

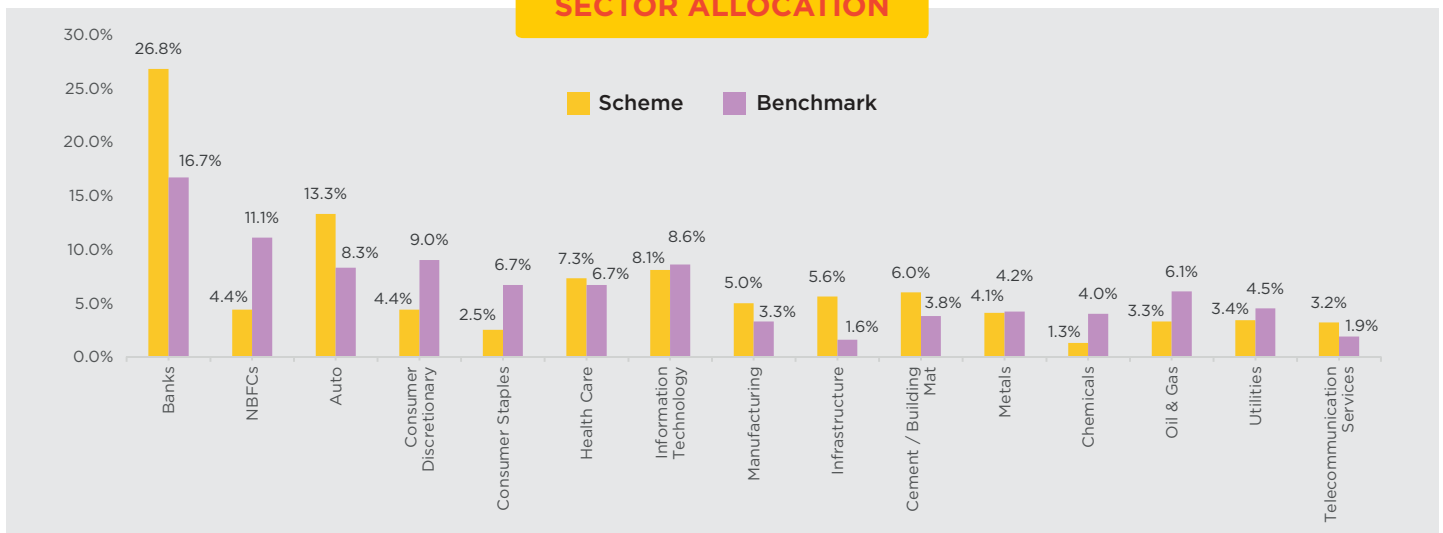
Ratios calculated on the basis of 3 years history of monthly data.

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

Name of the Instrument	% to NAV	Name of the Instrument	% to NAV
<b>Equity and Equity related Instruments</b>	<b>98.69%</b>	Kalpataru Power Transmission	1.45%
<b>Banks</b>	<b>26.80%</b>	<b>Cement &amp; Cement Products</b>	<b>4.56%</b>
ICICI Bank	6.68%	The Ramco Cements	1.75%
HDFC Bank	6.27%	UltraTech Cement	1.52%
State Bank of India	4.83%	ACC	1.28%
Axis Bank	2.05%	<b>Petroleum Products</b>	<b>3.27%</b>
IndusInd Bank	1.69%	Reliance Industries	3.27%
Canara Bank	1.57%	<b>Telecom - Services</b>	<b>3.14%</b>
The Federal Bank	1.35%	Bharti Airtel	3.14%
Bank of Baroda	1.23%	<b>Finance</b>	<b>2.81%</b>
Indian Bank	1.12%	M&M Financial Services	1.03%
<b>IT - Software</b>	<b>8.16%</b>	LIC Housing Finance	0.99%
Infosys	4.79%	Mas Financial Services	0.80%
HCL Technologies	1.77%	<b>Ferrous Metals</b>	<b>2.76%</b>
Tata Consultancy Services	1.21%	Jindal Steel & Power	2.76%
Zensar Technologies	0.39%	<b>Leisure Services</b>	<b>2.46%</b>
<b>Pharmaceuticals &amp; Biotechnology</b>	<b>7.41%</b>	The Indian Hotels Company	2.46%
Sun Pharmaceutical Industries	1.74%	<b>Gas</b>	<b>2.38%</b>
IPCA Laboratories	1.20%	Gujarat Gas	1.20%
Alkem Laboratories	0.99%	Gujarat State Petronet	1.19%
Alembic Pharmaceuticals	0.79%	<b>Electrical Equipment</b>	<b>2.03%</b>
Torrent Pharmaceuticals	0.73%	ABB India	1.11%
Cipla	0.66%	KEC International	0.92%
Zydus Lifesciences	0.47%	<b>Diversified FMCG</b>	<b>1.61%</b>
Natco Pharma	0.46%	ITC	1.61%
Lupin	0.37%	<b>Retailing</b>	<b>1.53%</b>
<b>Industrial Products</b>	<b>6.66%</b>	Aditya Birla Fashion and Retail	1.53%
Bharat Forge	1.89%	<b>Chemicals &amp; Petrochemicals</b>	<b>1.33%</b>
Cummins India	1.66%	Deepak Nitrite	1.33%
AIA Engineering	1.65%	<b>Minerals &amp; Mining</b>	<b>1.24%</b>
Supreme Industries	1.45%	NMDC	1.24%
<b>Automobiles</b>	<b>5.90%</b>	<b>Power</b>	<b>0.98%</b>
Mahindra & Mahindra	2.60%	NTPC	0.98%
Tata Motors	1.51%	<b>Insurance</b>	<b>0.92%</b>
Maruti Suzuki India	1.05%	Max Financial Services	0.92%
Hero MotoCorp	0.75%	<b>Personal Products</b>	<b>0.87%</b>
<b>Auto Components</b>	<b>5.52%</b>	Emami	0.87%
Bosch	1.29%	<b>Capital Markets</b>	<b>0.62%</b>
Apollo Tyres	1.05%	ICICI Securities	0.62%
UNO Minda	1.00%	<b>Diversified</b>	<b>0.61%</b>
Wheels India	0.86%	3M India	0.61%
MRF	0.82%	<b>Consumer Durables</b>	<b>0.43%</b>
Endurance Technologies	0.50%	Metro Brands	0.43%
<b>Construction</b>	<b>4.68%</b>	<b>Net Cash and Cash Equivalent</b>	<b>1.31%</b>
Larsen & Toubro	3.23%	<b>Grand Total</b>	<b>100.00%</b>



**SECTOR ALLOCATION**



<p><b>Scheme risk-o-meter</b></p> <p>Investors understand that their principal will be at Very High risk</p>	<p><b>This product is suitable for investors who are seeking*</b></p> <ul style="list-style-type: none"> <li>To create wealth over long term.</li> <li>Investment predominantly in equity and equity related instruments in large and mid-cap companies.</li> </ul> <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	<p><b>Benchmark risk-o-meter</b></p> <p>NIFTY LargeMidcap 250 TRI</p>
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